

ISSUE

The Indian Health Service (IHS) has a complex financial system for the disbursement, management, and accountability of funds and resources to provide health services through a system of IHS, tribal, and urban Indian operated facilities and programs.

BACKGROUND

Tribes and urban Indian groups have entered into contracts and compacts with the IHS that allow for the transfer of approximately 45 percent of the Federal resources appropriated for direct health services. This increases the complexity of accounting for the resources. The IHS uses the CORE accounting system, operated by the Program Support Center (PSC) of the Department of Health and Human Services (HHS).



To ensure efficient management of and accountability for Agency resources, IHS financial statements are audited on an annual basis. In addition, since 1996 the Chief Financial Officer for the IHS has published an annual Accountability Report that focuses on the management of financial responsibilities and highlights the Agency's accomplishments. The Agency regularly performs self-assessments of its various programs and practices to ensure that procedures are followed and internal controls are adequate to safeguard resources. In addition, the IHS Director meets each quarter with the Office of Inspector General (OIG) to discuss OIG audits and evaluations. These meetings frequently result in recommendations to improve program management. Funds appropriated to the IHS and administered by tribal programs also are audited annually by independent auditors. Copies of the audits are provided to the OIG.

SITUATION

The relatively recent conversion to the CORE accounting system by the PSC has resulted in problems for the IHS. The problems consisted of accessibility to accounting data and, as a result, required the use of time-consuming, redundant systems that slowed critical work in other finance-related systems. The 1999 audit of the IHS found that the Agency did not have a fully functioning, integrated financial reporting system. In addition, inconsistent procedures across the 14 IHS accounting points resulted in problems reconciling the fund balance with the Department of the Treasury and reporting deferred revenue. Most recently, a requirement to move the distribution point for diabetes grant funds from IHS Area Offices to the HHS Payment Management System has further increased administrative and program management complexity and the need for additional grant staff for the Agency, and also for PSC.

OPTIONS/PLANS

The Agency continues to work closely with PSC to resolve problems resulting from the conversion to CORE. Procedures to standardize the reconciliation of fund balances with the Department of the Treasury are now being implemented and monitored across the IHS. A multi-disciplinary Accounts Receivable Workgroup has been convened and is making important progress. Staffing for the IHS Grants Program has recently been strengthened and the Program is now being reviewed by HHS. Recommendations from the departmental review, in combination with those from the IHS Diabetes Program and the Tribal Diabetes Advisory Group, are expected to ease the transition to the Payment Management System.

ADDITIONAL INFORMATION

For referral to the appropriate spokesperson, contact the IHS Public Affairs Staff at 301-443-3593.